FILE COPY

IN THE
Supreme Court of the United States
October Term, 1949
No. 686

WARREN W. DUNNELL,

Petitioner,

vs.

SAFEWAY STORES, INC., a corporation,

Respondent.

PETITIONER'S BRIEF IN SUPPORT OF HIS PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT.

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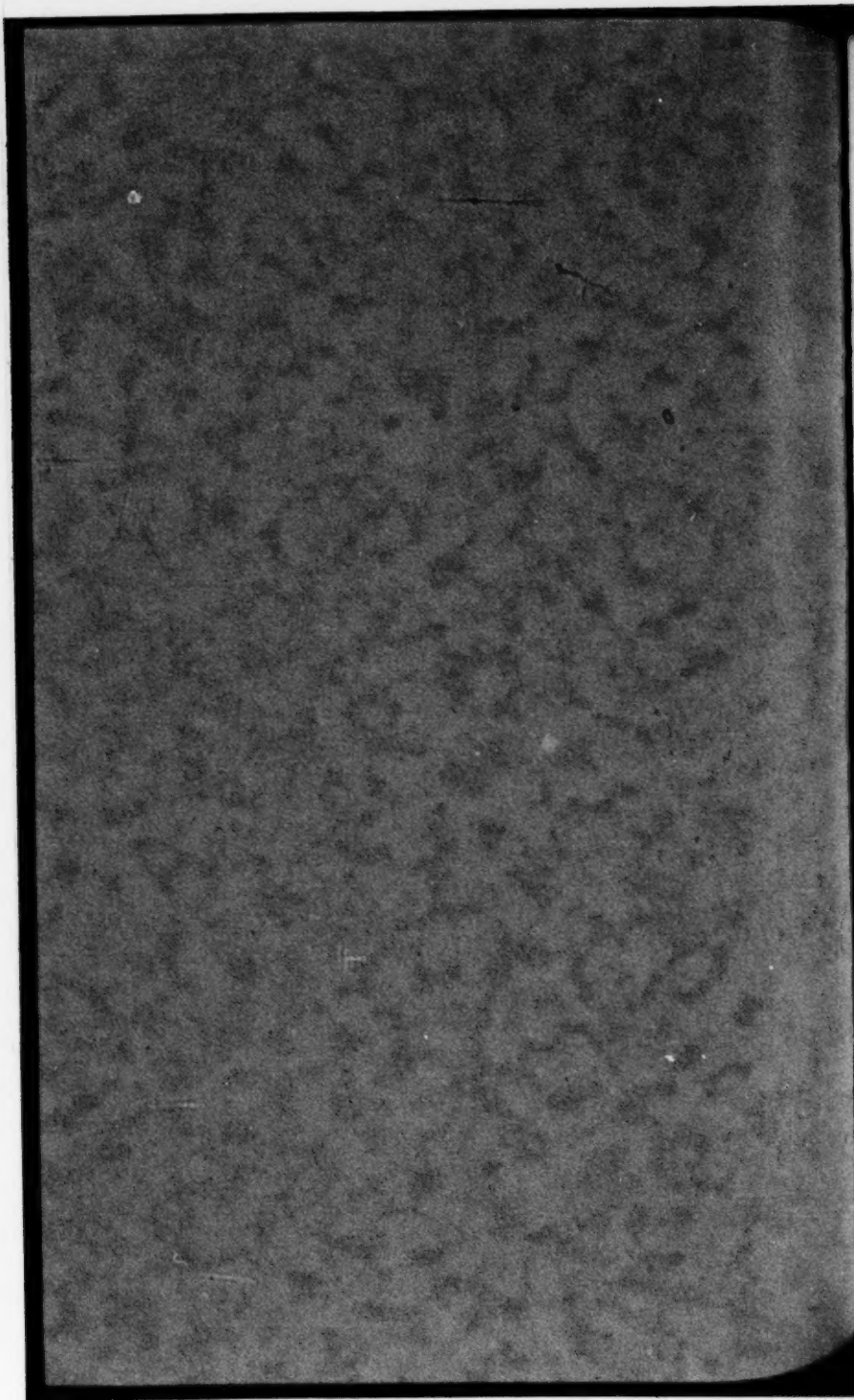

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PETITIONER'S BRIEF IN SUPPORT OF HIS PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT.

To the Honorable, the Supreme Court of the United States:

Under Rule 27, Subdivision 2(b), requiring citations to the official report of the opinions delivered in the Courts below:

The decision of Commissioner of Patents deciding in favor of respondent herein, Safeway Stores, Inc., decided April 24, 1946, is reported at 69 U. S. P. Q. 204.

The decision of Judge Goodman, United States District Judge, decided May 19, 1947, is reported at 75 Fed. Supp. 900, 38 T. M. Rep. 679. The decision of the Court

of Appeals for the Ninth Circuit, decided January 11, 1949, is reported at 80 U. S. P. Q. 115. The decision of said Court of Appeals on Dunnell's Petition for Rehearing, decided February 24, 1949, does not appear to have been yet reported. Each of such decisions are also contained in the Transcript of Record in this case; the opinion of the trial court, that of the Honorable Louis E. Goodman, District Judge, at Tr. 35; the Opinion and Dissenting Opinion of the Circuit Court of Appeals for the Ninth Circuit on the principal hearing before that Court beginning Tr. 390 and the "Per Curiam and Dissent Opinion on Petition for Rehearing," decided February 24, 1949, beginning Tr. 419.

Concise Statement of the Grounds on Which Jurisdiction of This Court Is Invoked Under Rule 27 of This Court, Subdivision 2(c).

The jurisdiction of this Court of the subject-matter of our Petition for Certiorari, and consideration of this brief, filed in support thereof, depends upon the fact that the cause of action which gave rise to said petition, arises under the trade-mark laws of the United States, and particularly as set forth in §4915, R. S. U. S., United States Code; Title 35, §63 (applying particularly to patents), and Title 15, §89, construed before and after its enactment as making §4915, R. S. U. S., applicable to trade-mark application proceedings, and annotations, Federal Code Annotated, under Title 15, §89, page 736. Each of said statutes are set out in classified order in the appendix hereof, as well as in the appendix of our Petition.

Concise Statement of the Case Containing All That Is Material to the Consideration of the Questions Presented With Appropriate Page References to the Printed Record in Compliance With Rule 27, Subdivision 2(d).

To make this statement as required by the rule, "concise," it must be comparatively short, and while we copiously cite pages of the record, such citations do not give a full picture of all important circumstances, except possibly by a few connecting or explanatory assertions. The argument to follow will fully justify any such assertions if there seem to be such.

Dunnell testified [Tr. 144] that he first adopted and used the trade-mark

for toilet seat covers in October, 1933; and in Exhibit Q [Tr. 337] to Dunnell's deposition in evidence it is shown that beginning in 1934 he sold 510,000 seat covers under said name in California alone; also a great many more in 1934 in many other states as shown by said Exhibit Q, and that in 1935 he sold 1,630,000 in California alone; and many more in many other states in the Union, and that in 1936 he sold 5,252,000 under said trade-mark in California alone; and many more in many other states; and that in 1937 he sold 5,879,000 covers under said trade-mark in California alone; also many more in many other states. The other states indicated in Exhibit Q are Oregon, Washington, Idaho, Nevada, Utah, Arizona, Illinois, Hawaii, Texas, Colorado, New Mexico, Kansas and Arkansas.

Dunnell testifies as to the accuracy of figures of said Exhibit Q at Tr. 61.

As shown by said Exhibit Q [Tr. 337-342], at the time of the pendency in the Patent Office of the opposition of respondent, Safeway Stores, Dunnell had sold and distributed a total of 73,567,000 of his said seat covers under his said trade-mark; 44,080,000 of which were sold and distributed in California alone, the state in which the principal place of business of respondent is located, Oakland, California—with never a protest [Tr. 70, ½ way down page] by respondent herein, Safeway Stores, Inc., nor any of its subsidiaries, and entirely without confusion [Tr. 332, DQ. 112 *et seq.*] of anyone as to the source of manufacture and distribution [Tr. 332, top of page], as more fully shown in the following argument.

Respondent herein, Safeway Stores, Inc., was incorporated March 24, 1926 [Tr. 239], starting in a small way in 1926; but merely as a stockholder in a California corporation of the same name, and in such a small way acquired the Sam Selig Grocery Store, which name was thereafter changed to Safeway Stores, Inc. [Tr. 233, bottom of page]. What other stores respondent owned stock at the time Dunnell first adopted his trade-mark

does not appear in the record, and the fact that it owned a great many stores in various states at the time of the *Opposition Proceeding* in the Patent Office (April 6, 1944) [Tr. 197] does not have any relevance nor is it at all pertinent to Dunnell's first adoption and most extensive use, as shown in said Exhibit Q [Tr. 337].

Now, the Court will take judicial notice that grocery stores only enjoy a purely local trade of those which happen

to reside near the store; and that there are always many other stores in every locality.

We are stating facts above set forth as a basis for our insistance that in adopting the trade-mark

Dunnell was not leaning on any alleged good reputation of present respondent, the circumstance if it be true that present respondent owned stock in many highly separated states during the pendency of the opposition in the Patent Office (1944) would not appreciably affect such local situations.

That Dunnell was not leaning on any reputation of Safeway Stores in the adoption and acquirement of Title by adoption and use of his said trade-mark

is further attested by the circumstances that the name "Safeway" as applied to grocery stores is meaningless, in that such stores sell all popular brands of products, such as Heinz 57 Varieties, those of National Biscuit Company, and Campbell's Soup, as well as many other things, as the Court will take judicial notice. It is apparent that Dunnell adopted the name "Safe Way" because as applied to toilet seat covers it was suggestive that for sanitary purposes it was desirable to proceed in the safe way by using toilet seat covers. At the time Dunnell first adopted and used the trade-mark in 1933

present opposer was only a stockholder in a comparatively few stores, with no more authority than any other stockholder to institute proceedings of any kind in the name of the corporation. Present

opposer did not become the owner of its said 2300 stores until shortly before the filing of Dunnell's application for registration and after he had used it without the slightest confusion or protest [Tr. 70, ½ way down page] from anyone for over ten years, it not being shown by Safeway Stores, Inc., that either opposer or any of its subsidiary corporations of which it owned stock or of which it afterwards, at the end of 1942 (1941 as to a single one of them), ever had a single call for toilet seat covers; nor had opposer or any of its subsidiaries ever manufactured, caused to be manufactured, approved for sale, or offered for sale even a single toilet seat cover under the trade-mark "Safeway" or under any other name or at all [Tr. 255, Selby's testimony beginning Tr. 253]; nor did said respondent ever express a desire to sell such product [Tr. 70, top of page]; while Dunnell from the time of his first adoption and use of said trade-mark

sold and distributed over 73½ million of said seat covers under said trade-mark—as we have heretofore under this heading shown.

There is still another matter which we must, under the present heading, call to the Court's attention: We have a conclusive case, as we believe, of laches and estoppel against respondent Safeway Stores, Inc., in that said respondent was well aware of the fact that Dunnell was manufacturing and distributing in California alone from 1933, the date of his adoption of said trade-mark [Tr. 188] to 1941, very many of said seat covers under his said trade-mark, which has aggregated 44,080,000 toilet seat covers under said trade-mark

as shown in Exhibit Q [Tr. 337] heretofore mentioned—all without the slightest protest against any alleged trading upon any alleged good reputation of said respondent. That respondent did have notice, through said highly-spread extensive sales by Dunnell of his said claim to said trade-mark is conclusively shown by the circumstances that Dunnell testifies [Tr. 70, ½ way down page] that respondent Safeway Stores, Inc., had notice prior to the opposition proceeding of his extensive use of his trade-mark, by reason of the fact that in one instance, he, Dunnell, at the request of said subsidiary, installed some of his Safeway covers in one of their subsidiaries at its request [near the bottom of Tr. 71]; that such installation was in the Lucerne Creamery and Butter Company and that he, personally [Tr. 75], actually installed in said subsidiary company toilet rooms; and that they were installed in his cabinets marked Safeway and his Safeway covers were furnished and used in said cabinets and installed therein. This installation, he testifies at Transcript 75, was in said Lucerne * * * Company, on the corner of Alameda and Vernon in Los Angeles and consisted of 6 to 8 [bottom of Tr. 75] Safeway dispensing cabinets stocked with his covers.

At Transcript 76 he says he was directed by the superintendent or whoever it was in charge of the building who pointed out to him the restrooms in which the installations were to be made.

NOW, IT IS IMPORTANT TO NOTE THAT NOWHERE IN THE RECORD HAS SAFEWAY STORES, INC., OR ANYONE ELSE DENIED THAT SAID LUCERNE COMPANY WAS ONE OF THEIR SUBSIDIARIES AS TESTIFIED BY DUNNELL; ON THE CONTRARY, DRUMMOND WILDE SUBSTANTIATED [Tr. 82, ⅔

down page] THAT IT HAD SUCH A SUBSIDIARY SAYING THAT AMONG THEIR MANY MANUFACTURING ACTIVITIES WAS THE PROCESSING OF BUTTER, BOTTLING OF FLUID MILK, CREAM, CHEESE AND OTHER DAIRY PRODUCTS. (These manufacturing activities make "Stores" a misnomer.)

About two-thirds down Transcript 75 Dunnell says such installation was in the month of March, 1942. Safeway Stores, Inc., notice of opposition was filed [Tr. 197] April 6, 1944, over two years after said Lucerne installation. Dunnell testifies [Tr. 70, ½ way down page], and it is not denied at any place in the record, that he never had any complaint from Safeway Stores or any of its subsidiaries because of his use of his said trade-mark.

There is still another matter which should be called to the Court's attention under the present heading, namely, that we earnestly insist that the majority opinion of the Court of Appeals complained of had no power to direct the issuance of an injunction against Dunnell, prohibiting his use of said trade-mark

, as there is no law authorizing any such proceeding—the law being entirely to the contrary, as TITLE under the law of said trade-mark was acquired by ADOPTION AND USE, in California, and as shown in our said Exhibit Q [Tr. 337] he did so adopt and use, widely distributed his said covers under his said trade-mark through very many, if not all, the states of the Union, from when he first adopted it [Tr. 188] until the present time.

This matter, which is set forth in our Petition for Certiorari, will be considered in detail in our argument later to follow in this brief.

A Specification of Such of the Assigned Errors as Are Intended to Be Urged Under Rule 27, Subdivision 2(e), of This Court.

The majority opinion of the Court of Appeals erred in the following respects (all as set forth in our Petition for Certiorari filed herewith):

1. In deciding and ordering that respondent herein was entitled to an injunction against Dunnell's use of said trade-mark

, Judge Healy dissenting, in that there is no law authorizing any such injunction, as TITLE has not been in issue between the parties hereto in any prior or present proceedings in any tribunal in this matter;

2. In deciding an important question of local law, in a way—not probably, but surely—in conflict with local decisions (as well as express statutory enactment of the State of California);

3. In ignoring the well-settled law that the trial of this case, out of which our Petition arises, was *de novo;* and ignoring the findings and conclusions of the trial court, and on the contrary, treating such proceeding as an appeal from the findings and conclusions of the Patent Office; and in repeating such error, when, on Petition for Rehearing, such law was called to its earnest attention;

4. In deciding a Federal question in a way (not probably, but surely) in conflict with applicable decisions of this Court; in that said Court has decided and refused, particularly on Petition for Rehearing, and its decision rendered thereon February 24, 1949 [Tr. 419-420], although earnestly urged so to do, to pass upon any issue

as to whether to sustain respondent's alleged counterclaim, it was necessary to prove (the parties being of diverse citizenship) that the value of the matter in controversy should be $3,000.00, exclusive of interest and costs, charging [Tr. 18] that although respondent pleaded that the matter involved was $3,000.00 exclusive of interest and costs, Dunnell denied that it involved that amount *or any other amount* in his answer to said counterclaim [Tr. 26]. We remind also that in such decision the Court ignored the findings and conclusions of the trial court.

5. In deciding a Federal question of substance in a way (surely, and not merely probably) not in accord with applicable decisions of this Court, in that said majority opinion decided that Dunnell was not entitled to Federal registration of his trade-mark, notwithstanding there could be no damage whatsoever to respondent by such registration and that such damage was not even remotely attempted to be proven; clear admissions of respondent, to the contrary, making it certain that damage could not be proven;

6. In failing and refusing to grant the prayer of petitioner Dunnell's complaint, reading:

> "Wherefore, plaintiff demands that, notwithstanding the denial by the Commissioner of Patents of applicant's request for registration of said trade-mark as so applied, the Commissioner of Patents be authorized and directed to register said trade-mark as requested in said application for registration; that plaintiff recover his costs in this proceeding; and that the court grant such other, further and different relief as to the court shall seem meet."

Under Rule 27 of This Court, Subdivision 2(f), We Now Set Forth Our Argument (Preceded by a Summary) Exhibiting Clearly the Points of Fact and Law, Citing Authority and Statutes Relied Upon, and Quoting Relevant Parts of Such Statutes, Federal and State—as Are Deemed to Have an Important Bearing—Such Statutes Being Set Forth in Full so Far as Pertinent, in the Appendix of This Brief.

SUMMARY.

It is difficult to find documents and proceedings in the transcript, as many are not sufficiently identified in the transcript index, and others are scattered in places (such as the reporter's transcript) where difficult to find, hence, we are sure the following chronological statement will aid counsel in this case and that it will be convenient for the Court in any further proceedings in this matter.

1933, October 28:

Your petitioner, Dunnell, adopted (as set forth in his application for registration, accepted as a fact by the Patent Office [Tr. 188, 189 and 190]) and first used his trade-mark SAFE-O-WAY- as applied to toilet seat covers of tissue paper. Petitioner Dunnell has continued a widespread distribution of said product under said trade-mark, and had sold and distributed at the time the Patent Office opposition was pending, as has been shown most clearly in Exhibit Q [Tr. 337-342], 73,567,000 of said seat covers under said name—all as shown most clearly in Exhibit Q [Tr. 337-347]. Said Exhibit Q was offered in evidence without objection and at Transcript 61 Dunnell testifies as to the accuracy of said Exhibit Q.

1942, May 19:

[Tr. 187-190.] Petitioner herein, Dunnell, filed his application for registration of his said trade-mark, showing the time of adoption and use, and which was accepted by the Patent Office as so showing, and filed the application for registration of said trade-mark showing the date of adoption and use so accepted by the Patent Office.

1944, March 12:

The said application for registration of Dunnell was passed by the Patent Office for publication [Tr. 191] the Examiner notifying that "any person who believes he would be damaged by the registration of this mark may oppose the same by filing a notice of opposition, stating grounds therefor, in the Patent Office within 30 days after publication thereof * * *. If no notice of opposition is filed within said time the Commissioner may issue a certificate of registration."

1944, April 6:

Respondent herein, Safeway Stores, Inc., filed in the Patent Office its Notice of Opposition [Tr. 193-197] in 1944, early in June, exact date not in the record; and petitioner herein, Dunnell, filed in the Patent Office his answer to said Notice of Opposition setting up all defenses.

1944, June 6:

Times for taking testimony of the respective parties to said opposition proceeding were set by the Patent Office [Tr. 217]; testimony of Safeway Stores, Inc., to close August 5, 1944; testimony of Dunnell to close September 5, 1944, and rebuttal testimony of Safeway Stores to close September 20, 1944, and final hearing before the Patent

Office set for December 20, 1944; and thereafter testimony for both sides were taken and filed in the Patent Office.

1946, April 24:

The First Assistant Commissioner of the Patent Office [Tr. 218-221] decided that Dunnell was not entitled to the registration requested.

1946, July 19:

Your petitioner, Dunnell, having an election to either appeal from the decision of the Commissioner of Patents above-referred to (United States Code, Title 15, §89), or under United States Code, Title 15, §33, to file an action in the United States District Court, elected to file such action in the District Court instead of so appealing and on July 19, 1946, did file his complaint [Tr. 2] in said District Court action.

1946, September 23:

Respondent herein, Safeway Stores, filed its answer and counterclaim [Tr. 10-24] in answer to said complaint.

1946, October 11:

Your petitioner, Dunnell, served and filed his reply [Tr. 25-34] to defendant's said answer and counterclaim.

1947, March 12, 13 and 14:

The case then being at issue, the trial of this cause before the Honorable Louis E. Goodman, United States District Judge, at San Francisco, California, began [Tr. 59], was concluded [Tr. 187] and submitted for decision, Safeway Stores, Inc., to have 30 days to file brief, Dunnell to have 35 days to answer and Safeway Stores to have 15 days to reply.

1947, May 19:

Judge Goodman handed down his memorandum decision [Tr. 35].

1947, June 18:

District Judge Goodman signed and entered [Tr. 39-48] his findings of fact and conclusions of law, and on the same day signed, entered and filed his judgment.

1947, September 15:

Respondent herein, Safeway Stores, Inc., served its Notice of Appeal [Tr. 50] to the United States Court of Appeals for the Ninth Circuit from Judge Goodman's said judgment.

1947, September 17:

The District Court entered an order [Tr. 53] for the transmission of documentary and other physical evidence and reporter's transcript to the Clerk of the Circuit Court of Appeals.

1947, October 24:

Said District Court extended time [Tr. 56] to file and docket the record on appeal to December 4, 1947, the record being thereafter filed and docketed.

1948, July 15:

The matter of the appeal was argued before the United States Court of Appeals for the Ninth Circuit [Tr. 389] and an order entered for submission on further briefs.

1949, January 11:

Said Court of Appeals rendered its majority decision [Tr. 390-416] by the Honorable Judge Denman, Chief Judge, and his Honor Judge Bone deciding that Dunnell was not entitled to the order authorizing the Commissioner of Patents to grant the application for registration of said trade-mark, the Honorable Judge Healy filing at the same time a strong dissenting opinion [Tr. 406-416] to the effect that Dunnell was entitled to such order to registration and that it was improper to direct an order prohibiting Dunnell's use of his said trade-mark. The majority opinion begins at Transcript 390 and through 406; and Circuit Judge Healy's dissenting opinion begins at Transcript 407 and continues through 416. The Court of Appeals decree based upon its said majority opinion appears beginning at Transcript 417.

1949, February 5:

Petitioner Dunnell's petition for rehearing (not in this record) was filed in the United States Court of Appeals.

1949, February 24:

The majority opinion [Tr. 418], Circuit Judge Healy dissenting, was filed denying said petition for rehearing. At Transcript 419-420 is set forth said majority opinion and dissenting opinion of Judge Healy.

The Court Should Not Permit Itself to Get a Preliminary Impression That Because Respondent Herein Filed a Notice of Opposition, and Has Apparently Vigorously Defended Dunnell's Suit in the District Court and on Appeal From Such Decision, That There Is Any Merit Whatsoever in Said Opposition to Dunnell's Registration as It Will Clearly Appear That There Is Not Even a Remotely Plausible Argument to Support Respondent's Said Opposition Tactics.

As the corporate name of respondent in this proceeding contains the words "Safe Way" the Court may get a preliminary impression that in adopting said trade-mark, Dunnell was leaning on a good reputation of Safeway Stores, Inc. We desire to guard against the Court getting any such preliminary impression, hence the following:

While in said opposition [Tr. 193-197] (filed April 6, 1944), Safeway Stores, Inc., stated at that time that it owned 2300 stores scattered throughout the United States; at the time of the first adoption and use by Dunnell of his said trade-mark (1933) [Tr. 188, 189-190]

there was only a comparatively very few of such stores in California and the evidence later to be considered in our brief will show that Dunnell at the time had not noticed them. Dunnell's testimony on this point [Tr. 359-360, and particularly beginning ½ way down 375 and top of 374] is very credible, as there seems to have been no reason why he should have been interested.

That Dunnell was not leaning on any reputation of Safeway Stores in the adoption and acquirement of

Title by adoption and use of his said trade-mark SAFEWAY- is further attested by the circumstance that the name "Safeway" as applied to grocery stores is meaningless, in that such stores sell all popular brands of products, such as Heinz 57 Varieties, those of National Biscuit Company, and Campbell's Soup, as well as many other things. As will be later shown (in this brief) Dunnell adopted the name "Safe Way" but did so because as applied to toilet seat covers it was suggestive that for sanitary purposes it was desirable to proceed in the safe way—by using toilet seat covers. At the time Dunnell first adopted and used the trade-mark October 28, 1933 [Tr. 188] SAFEWAY-, present opposer was only a stockholder in a comparatively few stores, with no more authority than any other stockholder to institute proceedings of any kind in the name of the corporation. Present opposer did not become the owner of its said 2300 stores until shortly before the filing of Dunnell's application for registration and after he had used it without the slightest confusion [Tr. 63, bottom of page] or protest [Tr. 70, ⅔ down page] from anyone for over ten years, it being admitted by Safeway Stores, Inc., that neither opposer nor any of its subsidiary corporations of which it owned stock or of which it afterwards, at the end of 1942 [Tr. 80] (1941 as to a single one of them), ever had a single call for toilet seat covers; nor had opposer or any of its subsidiaries ever manufactured, caused to be manufactured, approved for sale, or offered for sale even a single toilet seat cover [Tr. 255, XQ. 53, 54 and 55] under the trade-mark "Safeway" or

under any other name or at all; while Dunnell from the time of his first adoption and use of said trade-mark

to the time of filing said opposition sold and distributed over 73½ million of said seat covers under said trade-mark—as shown.

Such extensive distribution of toilet seat covers by Dunnell was without the slightest protest or objection [Tr. 63, bottom of page, and 70, ⅔ down page] of any kind on the part of respondent herein; and there is not the slightest evidence of any confusion in the record as to the fact that the manufacturer and distributor of said covers was Dunnell under his registered fictitious name, Sani-Gard Company; on the contrary, opposer *expressly acquiesced* in Dunnell's use of the name by ordering from one of Dunnell's jobbers and had installed personally by Dunnell in the rest room of one of its subsidiaries, Dunnell's "Safe-Way" covers, in Dunnell's "Safe-Way" cabinets, after which Dunnell continued to sell many hundreds of thousands of said seat covers throughout the length and breadth of the land as well as in foreign countries.

We also, fully in this brief, show that respondent herein, Safeway Stores, had full knowledge of Dunnell's use [Tr. 70, ½ way down page]of said trade-mark *over two years before the filing of Notice of Opposition,* in that, at the time last referred to, it ordered from one of Dunnell's jobbers 6 or 7 of Dunnell's Safe-Way cabinets and seat covers installed in a rest room of one of their subsidiaries, which Dunnell personally installed in the rest room, with not the slightest suggestion on the part of Safeway Stores, Inc., that he had not a perfect right so to do.

Dunnell only had notice that Safeway Stores, Inc., objected to said registration of said mark when it filed its Notice of Opposition as before stated, over two years afterwards.

That Dunnell always had advertised his said seat covers under said trade-mark in advertising mediums not reasonably accessible to grocery store customers, but only in mediums accessible to his special class of customers, such as newspaper offices, transportation terminals, service stations, and so forth, who distributed said covers *gratis* to users of their toilet facilities, and always only advertised them under his fictitious name Sani-Gard Company, is clearly proven [Tr. 61, 66, 176, 181] and not denied.

It is clearly admitted, as we show in our brief, that Dunnell was exceedingly ethical in all his dealings with his special class of customers (which were not grocery store customers).

Consider the situation of Dunnell: He had adopted, used and was the owner of his trade-mark SAFE-WAY- in every state in which he then intended, and later did, distribute his Safeway covers. He knew he was distributing a product under his own fictitious name, Sani-Gard; that he was not advertising in mediums accessible to grocery customers, that he was not selling to grocery customers, but was distributing among a special class of purchasers for distribution *gratis* to users of a public service. Stores were not then, nor have they before or since carried nor distributed any covers under any name. These circumstances strongly

appearing on the trial the District Judge at Transcript 155 (½ way down the page) was impelled to remark:

> "I am not trying to prejudge this case, but it is difficult for me to see how a great organization like this company can be so concerned about a little piece of paper used on a toilet seat and how it affects this enterprise. Surely if I went into a washroom in a hotel to take care of my wants in a toilet I am not concerned whether a piece of paper has the word 'Safeway' on it, nor would I identify it with any such institution as the Safeway Stores, Incorporated. It seems to me to be kind of a tempest in a teapot, and that is why I cannot understand [61] why there should be any great objection to the plaintiff using a simple term like this in connection with this piece of paper that is used in a toilet."

Still on this matter of fairness and good faith on the part of Dunnell: If the Court will look at Transcript 190, it will be noted that Dunnell's trade-mark

has between the two words the pictorial representation of a toilet seat cover, which as we have seen, has never been dealt in by Stores—*such limiting the trade-mark to toilet seat covers.*

In concluding this branch of our preliminary discussion, we earnestly suggest that the Court does not permit itself to be prejudiced by any idea that because Safeway Stores opposed Dunnell's registration that there is any merit whatsoever in any such opposition.

The Law Fully Stated, as Applied to the Circumstances Set Forth as to How and by What Means Dunnell Acquired Title to His Trade-Mark.

We have set forth in the foregoing pages, as well as in our Petition for Certiorari, matters relating to the subject-matter of the present heading; but a thorough and full consideration, with quotations from the evidence, may aid the Court in further checking.

In Trade-Mark Protection and Unfair Trading by Derenburg (Matthew Bender and Co., Inc., 1936), page 503, Section 46, the author says:

> "The question of what is requisite for the acquisition of a common law trade-mark, independent of federal or state registration, has not caused the courts much trouble, since the application of the principle of priority of adoption and use has not been the source of any particular legal difficulty."

It is thus clear that Dunnell's TITLE was acquired by adoption and held by continuous use thereof to the present time.

Petitioner Dunnell's Title to Said Trade-Mark, as so Applied, Is Not in Issue in the Opposition Proceeding, nor in This De Novo Suit. It Is Not and Could Not Be Attacked Either Before the Patent Office on the Record Therein, or Before This Court.

WE ARE SPEAKING OF TITLE TO THE TRADE-MARK

AS SUCH. IT IS A PROPERTY RIGHT, TITLE AND RIGHT TO USE BEING RECOGNIZED BY

THE COMMON LAW IN FORCE IN THE STATE OF CALIFORNIA AS WELL AS BY CALIFORNIA STATUTORY ENACTMENTS.

Thus, in Business and Professions Code of California, §14400 reads as follows:

> "§14400. Ownership. Any person who has adopted and used a trade-mark either within or beyond the limits of this state, is its original owner."

Dunnell *did* adopt and use his trade-mark Safeway, and therefore is owner and entitled to all the rights of ownership in this state.

The law of California is clear as above quoted that Dunnell has a property right in his said trade-mark, whether he first adopted and used it in any other state or in this state and WHETHER REGISTERED OR NOT.

The Federal law (Title 15, §81 of the United States Code) authorizing registration of trade-marks reads, so far as pertinent, as follows:

> "That the OWNER of a trade-mark used in commerce with foreign nations or among the several states * * *, provided such OWNER shall be domiciled within the territory of the United States * * * may obtain registration for such trade-mark, by filing in the Patent Office an application therefor * * *."
> (Small caps ours.)

Dunnell did file such application alleging that he was the OWNER and complied in all respects with said law. A certified copy of Dunnell's said application appears beginning at Transcript 188, in which Dunnell states that he had continuously used said Trade-mark since October 28, 1933. Dunnell thus complied with all the law requisite for registration—and such registration should have been granted.

There Is Not a Shadow of Authority Under the Law for the Court's Decision at the End of the Opinion Directing the District Court to Render a Permanent Injunction Against the Use by Dunnell of His Trade-Mark SAFE-WAY. On the Contrary, the Law Is Distinctly That the Court Has No Such Authority, as We Proceed to Point Out.

The only basis for this Court's jurisdiction upon which appellant, Safeway Stores', counterclaim is based is §41 (Judicial Code, §24, amended), Original Jurisdiction, reading, so far as pertinent, as follows:

> "The District Court shall have original jurisdiction as follows: First of all suits of a civil nature (1) * * *; at common law or in equity * * *, where the matter in controversy exceeds, exclusive of interest and costs, the sum or value of $3,000.00 and, (a) arises under the Constitution or laws of the United States * * *."

Now, still on this question of jurisdiction: Remember that it is not of record that respondent herein, Safeway Stores, Inc., EVER CLAIMED ANY TRADE-MARK as such in the name "Safe Way" as applied to anything, much less to toilet seat covers.

The basis in the pleading of appellant Safeway Stores is in Paragraph 1 of its counterclaim [Tr. 18], which reads:

> "1. Counterclaimant, Safeway Stores, Incorporated, is a corporation organized and existing under and by virtue of the laws of the State of Maryland, and is a citizen of the State. The matter in contro-

versy exceeds the sum of Three Thousand Dollars [16] ($3,000.00) exclusive of interest and costs."

The immediately foregoing quoted jurisdictional pleading is denied by appellee Dunnell at Transcript 26, Paragraph V of his answer to said counterclaim, as follows:

> "In answer to paragraph 1 of said counterclaim, plaintiff admits that defendant, counterclaimant, is a corporation organized and existing under and by virtue of the laws of the state of Maryland, and is a citizen of said state; but denies that the matter in controversy in this suit exceeds the sum of Three Thousand Dollars ($3,000) exclusive of interest and costs, or any other sum whatsoever."

Now, it is quite elementary that an allegation of $3,000.00 exclusive of interest and costs involved while it preliminarily seems to confer jurisdiction, does not SUSTAIN jurisdiction: Manifestly, if it appears on trial of the case that no amount or recovery whatsoever is or could be involved, the action must be dismissed.

In support of the foregoing statement of the law, we first cite the decision of this Court of Appeals, rendered July 20, 1936, by Circuit Judges Wilbur, Denman and Matthews in the case entitled *Electro-Therapy Products Corporation v. Strong et al.*, reported 84 F. 2d 766. The opinion is short and the syllabus is practically a copy of the Court's wording. The syllabus reads as follows:

> "1. Circuit Court of Appeals must determine whether District Court had jurisdiction of suit, notwithstanding that question was not raised by parties.
>
> 2. Suit by Delaware citizen against citizens of California and Nevada for specific performance of agreement to assign inventions was not suit under patent laws or any laws of the United States, but was

suit of civil nature in equity between citizens of different states which was not within jurisdiction of District Court unless matter in controversy exceeded jurisdictional amount (Jud. Code §24, as amended, 28 U. S. C. A. §41).

3. Test of District Court's jurisdiction is value of right sought to be protected (Jud. Code §24, as amended, 28 U. S. C. A. §41).

4. Plaintiff had burden of proving jurisdictional facts (Jud. Code §24, as amended, 28 U. S. C. A. §41).

5. Bill of complaint should have been dismissed for want of jurisdiction, in absence of evidence supporting finding that jurisdictional amount was in controversy (Jud. Code §24, as amended, 28 U. S. C. A. §41)."

In *Wilderman v. Roth,* 9 F. 2d 637 (District Court for the Eastern District of Pennsylvania), near the top of the second column of page 637, it appears that plaintiff, after having alleged a proper jurisdictional amount in a case where jurisdiction was preliminarily dependent upon such pleading, that plaintiff could not have recovered more than $1,600.00 with interest.

Near the bottom of the second column, page 637, the Court says:

"[2] While the requisite amount set out in the *ad damnum* clause in a statement of claim, where the facts alleged are sufficient to support the claim of damages, *prima facie* gives the court jurisdiction, yet if, upon further proceedings, it appears as a legal certainty, as in this case, that the plaintiff could not have had any reasonable expectation that she could recover, exclusive of interest and costs the jurisdictional amount, it becomes the duty of the court to dismiss

the suit. New York Life Insurance Company v. Johnson, 255 F. 958, 167 C. C. A. 250, and cases there cited."

This decision of the District Court was affirmed by the Circuit Court of Appeals for the Third Circuit, *Buffington, Woolley and Davis,* Circuit Judges, in 17 F. 2d 486.

Other cases supporting the law under consideration are: *Teeters v. Henton,* 43 F. 2d 175; *Furmine v. West Jersey and Seashore R. Co.,* 44 F. 2d 614; *Miller v. First Service Corporation,* 84 F. 2d 680; *McNutt v. General Motors,* 298 U. S. 178; *McNutt v. McHenry, etc.,* 298 U. S. 190.

As part of the prayer of appellant Safeway Stores' counterclaim, Safeway Stores prays that "counterclaim defendant, and all persons acting for plaintiff and counterclaim defendants as employees, agents, or otherwise be permanently restrained and enjoined from using the name 'Safeway,' or any similar name in the conduct of his said business or otherwise."

At the end of the first paragraph of the Court's Opinion Your Honors say: "Stores [Safeway Stores, Inc.] did not seek damages for claimed infringement." This is correct; the appellant Stores did not pray for damages, nor did appellant urge in brief or argument that it was entitled to recover damages.

Was it magnanimity that impelled appellant not to attempt to prove, and to, in effect, *waive damages?* MOST CERTAINLY NOT. BUT WITHOUT PROOF OF DAMAGES, HOW IS THE JURISDICTIONAL STATEMENT OF THE COUNTERCLAIM OF $3,000.00 EXCLUSIVE OF INTEREST AND COSTS SUSTAINED?

Moreover, it is quite apparent upon the face of the proceedings that appellant Stores could not prove any damages whatsoever.

Referring Specifically to Evidence of Record in Support of the Foregoing Facts.

We have heretofore, generally, stated most of the facts if immediate pertinence without complete references to all pages of the record where they could be verified. Let us now refer to specific parts of the record:

On June 19, 1944 (Notice of Opposition [Tr. 193] in said opposition proceeding having been filed April 6, 1944, and opposer's (appellant here) testimony in chief having been taken August 8, 1944), applicant Dunnell (after advice of the writer of this brief) on the letterhead of the Sani-Gard Cover Company, wrote, signed and mailed the letter, produced on notice to produce by opposer, and in evidence as Dunnell Exhibit T [Tr. 350], addressed to Safeway Stores, Incorporated, in Los Angeles, California, and reading as follows:

"June 19, 1944

Safeway Stores, Inc.,
1925 East Vernon Ave.,
Los Angeles, Calif.

Gentlemen:

We are manufacturers of sanitary paper toilet seat covers. Before taking up your time with details of a sales proposition, we should like to inquire if you would consider our product as suitable for merchandising to the public in your stores?

Your ideas in this respect at your convenience will be much appreciated.

Yours very sincerely,
(Signed) WARREN W. DUNNELL."

In response to said letter, Dunnell Exhibit T, of applicant to Safeway Stores, applicant Dunnell received through the mail, on or about its date, June 29, 1944, a letter [Tr. 353] from said Safeway Stores, Incorporated, offered in evidence as Dunnell Exhibit U, which, for the convenience of this Court, we quote:

"SAFEWAY STORES
Incorporated
1925 East Vernon Avenue
Los Angeles, California

June 29, 1944.

Sani-Gard Co.,
3101 Pasadena Ave.,
Los Angeles 31, Calif.

Gentlemen:

We thank you for your letter offering us paper toilet seat covers, and we regret to advise that up to the present time we have not approved of such an item for resale in our Stores.

Should our policy in this regard change at any time in the future, we shall be happy to discuss the matter with you.

Yours very truly,

SAFEWAY STORES, INCORPORATED
(Signed) J. B. A. Brennan
Purchasing Department."

Near the end of the last paragraph of the decision of the Examiner of Interferences the Examiner refers to the correspondence just above quoted as follows:

"Indeed, it appears that applicant himself is of the opinion that his toilet seat covers might be readily

carried and sold by opposer since he has approached opposer in an effort to have opposer sell his goods."

Of course, this letter [Dunnell Exhibit S, Tr. 350] was sent as a piece of "detective work," as Dunnell well knew that the only *true* answer could be that opposer was not interested in the sale of toilet seat covers, and could not sell them under any name. Exhibit S was written June 19, 1944, and the taking of testimony did not begin until August 8th, 1944 [Tr. 223]. At the time of sending this letter [Exhibit S] we did not know whether opposer (respondent herein) would admit the true circumstances or not. However, opposer (respondent) did further admit during the taking of testimony that toilet seat covers were not suitable for sale in grocery stores.

In the testimony of opposer's witness Milton L. Selby, head of the legal department of opposer, as well as Secretary and a director of opposer; also from July 5, 1926, to December 31, 1942, an attorney for the California subsidiary [Tr. 228], on cross-examination [Selby deposition, Tr. 205, XQ. 53, 54 and 55] (which is of such importance that we quote in full) *the witness admits that neither opposer, Safeway Stores, Incorporated, a Maryland corporation, nor any of its subsidiary companies in any state, ever at any time manufactured or caused to be manufactured any toilet seat covers, nor have they, or any of them, ever sold or offered for sale any such product under the name "Safe Way" or under any other name.*

Here is the quotation immediately above mentioned from Selby's testimony [Tr. 255], opposer's testimony in chief:

"XQ. 53. It is a fact, is it not, that Opposer Safeway Stores, Incorporated, or any of its said subsidiary companies in any state, never manufactured

or caused to be manufactured any toilet seat covers? A. That is correct.

XQ. 54. Has Opposer Safeway Stores, Incorporated, ever sold or offered for sale in any of its said retail stores as mentioned in paragraph 1 of the Notice of Opposition, any toilet seat covers? A. Not to my knowledge.

XQ. 55. As a matter of fact, it is true, is it not, that Opposer and none of its subsidiary companies, have never offered for sale toilet seat covers under any name? A. That is true to the best of my knowledge. However, they may have been carried in stock in some stores without my knowledge."

There is no testimony in the record to the effect that Selby's knowledge was not correct. As to what items *are* sold by opposer, we have the testimony of Selby at page 5 [Tr. 230] of his deposition:

"Q. 12. What products are sold by Safeway Stores, Incorporated? A. Various items of food, food products, meats and non-food items which are handled generally by grocery stores."

We have, beginning at Dunnell's deposition [Tr. 342], DQ. 124, a statement by applicant, of the class of purchasers of toilet seat covers, how distributed, and why they are not suitable for sale in opposer's stores:

"DQ. 124. Please explain, briefly, the kind and character of the various purchasers for use of your toilet seat covers sold by you under the trade-mark 'Safe Way' since your first adoption and use of said trade-mark as you have testified. A. My Safe Way paper seat covers have been sold to gasoline service stations, hotels, restaurants, office buildings, industrial

plants and motion picture studios and in fact to many types of business that operate a public restroom.

DQ. 125. Such as railroad companies or municipalities? A. Wherever an industry or a business operates a public restroom, whether it is a railroad or a steamship line or a bus line that has station terminals or whether it is a newspaper building that publishes newspapers, they are all types of concerns to whom I have sold toilet seat covers under the name 'Safe Way.'

DQ. 126. How have the purchasers just referred to by you distributed said seat covers to the general public under your trade-mark 'Safe Way' or any other trade-mark to which you have referred? A. They have distributed them by installing our dispensing cabinets in the toilet stalls of their public restrooms into which the pad or package of paper toilet seat covers is inserted for dispensing, and the public that use those restrooms go into the stall and procure for their own use, without any charge, a paper toilet seat cover out of the dispensary and use it as it is generally used.

DQ. 127. Have such toilet seat covers, under the trade mark 'Safe Way' or under any other trade-mark which you have mentioned, to your knowledge, been sold by grocery stores, chain stores, drug stores or wholesale or retail stores of any kind for direct distribution to private users or the public generally? A. I have never sold my seat covers in that way.

DQ. 128. What has been the nature and extent of your experience in finding a market for the sale of your toilet seat covers under any trade mark? A. My experience has been rather extensive. I started in this business in 1931 and have devoted all of my time and attention to the development of my business

in that line ever since, which has involved calling on many and different kinds of prospects and making trips all over the United States, such as to New York and Chicago, in the promotion of my products. I have gone into all lines and phases of the business, manufacturing, selling direct to consumers, and selling to jobbers, and I have even installed dispensing cabinets in restrooms to dispense the covers. So that I should say I have given every consideration to all types and classes of outlets for a product of this kind. Of course, it has been my endeavor to develop and increase my business at any and all times so that I have tried not to overlook any and all prospects and possibilities to sell my product extensively throughout the country.

DQ. 129. Have you ever considered the feasibility of selling said toilet seat covers, labeled with the trade-mark 'Safe Way' or with any other trademark, to the general public through retail or wholesale stores, such as grocery stores, drug stores, general stores or otherwise? A. Yes; I have given it consideration, of course.

DQ. 130. And what is your opinion as to the feasibility of distributing toilet seat covers to the stores mentioned in the last question or others or to the general public for use, for instance, in private homes? A. As a result of my efforts and investigation into the possibility of selling my Safe Way seat covers in that way, I have contacted that type of concern, such as chain stores and grocery stores, but my efforts have always been repulsed due to the reaction that they were not suitable for sale in that type of stores; and, even though my efforts have been taken along those lines, I have never been able to find that as a satisfactory outlet for my particular product, the Safe Way paper toilet seat covers.

DQ. 131. Can you give any specific instance where you approached any chain stores, drug stores, grocery stores or other private distributors to the general public, on the subject of purchasing your toilet seat covers under the name 'Safe Way' or under any other trade name or without any name and, if so, please explain how you made such approach? A. A couple of months ago I wrote a few circular letters to a number of chain stores, the A. & P. grocery stores, the Safeway grocery stores, S. H. Kress & Company, and F. W. Woolworth & Co.

DQ. 132. And with what result? A. Those letters were sent with the idea of seeing if I had been overlooking any possibilities in respect to sales to outlets of that kind and I didn't have any satisfactory results at all. The only replies I had were negative."

As an example of the results of such specific inquiry as just above considered, a letter directed to S. H. Kress and Company of Los Angeles, and its reply (applicant Dunnell's deposition [Tr. 347] and offered without objection in evidence as Dunnell Exhibit R at Dunnell deposition [Tr. 347]) is here mentioned.

There was no attempted rebuttal of any of this evidence.

Incidentally, let us here remind that there is not a line of evidence in the record that any actual confusion such as suggested has occurred during the eleven years (1933-1944) during which appellee Dunnell continued to extensively use the trade-mark "Safe Way" on said product in interstate, domestic and foreign commerce. Appellant has not offered any such evidence, and appellee Dunnell, beginning Dunnell deposition, DQ. 112 *et seq.* [Tr. 332], testifies that during all this time he never heard of any

instance in which the source of his "Safe Way" seat covers was mistaken as "Safeway Stores, Incorporated." There is no evidence in the record on appeal in this case showing any confusion since 1944 (when the opposition testimony was taken). Dunnell says [top of Tr. 333 of Dunnell deposition] that he knows "there has never been any mistake with reference to my covers having come from anyone other than my concern, the Sani-Gard Sales Company or the Sani-Gard Cover Company." Thus, Mr. Dunnell testifies:

> "DQ. 113. By Mr. Westall: Has any instance ever come to your knowledge of anyone ever mistaking the source of your toilet seat covers under the trademark 'Safe Way' as being the opposer's in this case, Safeway Store, Incorporated?
>
> Mr. Hoge: I object to that on the same ground, that it calls for a conclusion.
>
> A. No."

Beginning at DQ. 98 of Dunnell deposition [Tr. 327] your petitioner explains fully his labeling and packaging and dispensing of toilet seat covers in question, emphasizing the continuous use on packages, cartons, letterheads, advertising, directory listings throughout the United States of *not* the name "Safeway" as a source of manufacture, but the source of manufacture as the Sani-Gard * * * Company of his toilet seat covers "Safe Way," first using the words Sani-Gard Sales Company and later using the words Sani-Gard Cover Company—up to the time of taking his testimony; so that it would have been impossible for any prospective purchaser who saw his labeling to *avoid knowing* that the paper toilet seat covers marked "Safe Way" were distributed by the Sani-Gard * * * Company.

Let us suppose for the sake of argument that a prospective purchaser or purchasers, remembering the trademark "Safe Way," should forget or overlook the source of manufacture of your petitioner's product as the Sani-Gard * * * Company. Assuming that such purchaser or purchasers applied to one of the Safeway Stores, Inc., for "Safeway Way" covers (mistakenly supposing they were put out by respondent or one of its subsidiary companies). Let us assume (contrary to the established facts in this record) also, for the sake of argument, that such confusion was *a frequent occurrence* during the eleven years during which Dunnell manufactured and sold said product under said trade name. Of course as neither respondent nor any of its subsidiaries ever stocked or even contemplated paper seat covers for sale, nor manufactured or caused to be manufactured such product, nor advertised or offered for sale any toilet seat covers, all the Safeway Stores, Incorporated, could have done under the circumstances would have been to tell the prospective purchaser that he was mistaken and that toilet seat covers were not among the items they had ever had or ever expected to have for sale. COULD THAT HAVE DAMAGED RESPONDENT IN ANY WAY?

Remember again that no such instance ever ocurred from 1926 when the first California Safeway Stores, Incorporated, corporation was formed, until the middle of September, 1944, when opposer's testimony in said opposition was taken nor in the record on this appeal, since.

It is suggested in the Notice of Opposition that applicant Dunnell has or is trading on the good reputation of opposer and its subsidiary companies, notwithstanding the great pains on the part of applicant to indicate the source of manufacture of his product on all packages and labels

as the Sani-Gard * * * Company and the total absence of even a single instance of any such confusion.

In answer to any such suggestion that applicant Dunnell is trading or has traded on the good reputation of opposer, we hasten to emphatically point out that petitioner Dunnell's reputation as a distributor of a very superior product for eleven years under the name "Safe Way" can not possibly be inferior to any reputation of opposer in the sale of items mentioned by opposer's witness, Selby, at Transcript 230 of the Selby deposition:

> "Q. 12. What products are sold by Safeway Stores, Incorporated? A. Various items of food, food products, meats and non-food items which are handled generally by grocery stores."

Testimony that opposer has gained an excellent reputation in the sale of grocery store items mentioned by Mr. Selby, certainly does not invest opposer with any reputation, good or bad, in the sale of paper toilet seat covers because they have never had any to sell. And remember also that any such good reputation of opposer was certainly most wholly based upon the superiority of merchandise distributed, not manufactured, by opposer, such as Heinz 57 varieties, National Biscuit products, none of which were trade-marked "Safeway."

During the eleven years, as shown by Dunnell Exhibit Q, Dunnell Record [Tr. 337, tabulation], applicant Dunnell has sold in domestic, interstate and foreign commerce, over SEVENTY-THREE AND ONE-HALF MILLION toilet seat covers under the trade-mark "Safe Way," while, during

the same time, opposer *has sold not a single toilet seat cover under that name or any other name.* CONSEQUENTLY, PETITIONER DUNNELL'S REPUTATION AS COMPARED WITH OPPOSER'S FOR HIS SUPERIOR PRODUCT IS AS 73,567,000 TO NOTHING.

Accordingly, we urge that respondent would be greatly benefited (if it ever should decide to sell toilet seat covers) if by any chance anyone ever became confused as to the source of Dunnell's toilet seat covers, because opposer could trade on Dunnell's good reputation. If we grant, for the sake of argument, that respondent's reputation throughout the United States in the sale of grocery items in its various stores is of the very highest, we must, without granting anything for the sake of argument or otherwise, concede that petitioner Dunnell's reputation in the sale of "Safe Way" toilet seat covers is also of the very highest.

All the evidence in this case shows conclusively that petitioner Dunnell was not leaning on any good reputation of respondent or any of its subsidiaries, but had his own business name, Sani-Gard * * * Company, his own extensive advertising of such name, such as listing in the various directories through the United States not under the name "Safe Way," but under the words "Sani-Gard Cover Company," and particularly notified all his own special trade and customers, who were not grocery store customers, of the source of his manufacture.

We submit under this heading that there is not the slightest evidence nor ground for inference that respondent

might or even *could possibly* be injured by the grant of applicant's request for registration; but that, on the contrary, any possible confusion as to the source of manufacture (existence of which is conclusively negatived in this record) would inure greatly to the *benefit of respondent and the detriment of petitioner.*

But there is a further and even a more conclusive answer to opposer's claim that the use of the name "Safe Way" by petitioner as applied to toilet seat covers might confuse the public into believing that appellee's said product so labeled was made or sponsored or distributed by respondent. The answer is that any such confusion IS NOT COGNIZABLE UNDER THE LAW AS AN INFERENCE OF DAMAGE. Thus, in *Garrett and Company, Incorporated, v. Gray,* 49 U. S. P. Q. 569, a decision of the Commissioner of Patents in an opposition proceeding affirming a decision by the Examiner of Interferences, and decided May 19, 1941, the third paragraph of the syllabus is as follows:

> "Even if registration of applicant's mark will cause confusion and mislead public into believing that applicant's goods are manufactured or sponsored by opposer, such damage is not of character contemplated by statute and opposition must be dismissed since goods do not have same descriptive properties." (We take up the question of "descriptive properties" under a later head.)

At page 570 of the authority just referred to, the Commissioner quotes from authorities in support of the syllabus immediately above set forth.

We Have Repeatedly Urged That Damages Are of the GRAVAMEN in an Opposition, and, of Course, the Same Rule Applies in This Trial De Novo. The Patent Office Has Consistently ALWAYS Required Proof of Some Damages to Sustain an Opposition.

One of the strongest and clearest cases applying to this rule is the case of *Safeway Stores, Inc., v. Southern Independent Oil & Refining Co., Inc.*, decided by the Commissioner of Patents January 8, 1941, reported 48 U. S. P. Q. 220, near the bottom of the second column, page 220 (except for the four words in brackets), the Commissioner says:

> "Safe Way, however, is an expression of such commonplace significance in the language that its use in association with the other unrelated products would not, in my opinion, be likely to suggest opposer to the mind of the public. Opposer does not deal in [paper toilet seat covers] nor would purchasers expect to find merchandise of that character in a chain grocery store. It thus appears improbable that applicant's use with these particular goods of the mark it seeks to register would confuse the public to opposer's injury."

Now, we have the record in the *Southern Independent Oil* case before us while writing this brief, and the evidence in the case at bar is much stronger than the evidential showing in the oil case; that is to say, each of the allegations of the immediately foregoing quotation and its application to the case at bar, is, by evidence and admissions in this case, shown to be unquestionably correct.

Of course, it *could* have been that Safeway Stores, Inc., sold lubricating oil; but apparently in the *Southern Inde-*

pendent Oil etc. case under consideration it did not appear that it had theretofore sold said product; while the case at bar is much stronger in that, as repeatedly heretofore stated, neither any of the 2300 stores in which respondent owned stock nor respondent ever sold or offered for sale or could sell or offer for sale any such products as toilet seat COVERS BECAUSE NONE OF THEM EVER HAD IT TO SELL.

That Transcript 122-3, Drummond Wilde, who, as we have seen, is the head of the Legal Department for Safeway Stores, Inc., and also is in charge of trade-mark oppositions involving the use of the name "Safeway" testifies, mentioning a number of cases, in some of which he was successful and in others in which he was not successful.

The first [bottom Tr. 122] of these involved "Safeway 1450" applied to sanitary napkins which Safeway Stores, Inc., *did* sell. Safeway Stores opposed the opposition successfully, but this, of course, was because they distinctly had been selling sanitary napkins and, of course, lost sales and were therefore in a position to prove damages.

The witness then referred to the proceeding to the registration of "Safeway" for the use of gasoline, motor oil and greases stating that such opposition proceeding was *not* successful and the registration of the trade-mark was allowed. We have heretofore considered this last case fully.

Still another case mentioned about two-thirds down the page Transcript 123 was a case involving the use of Safe-

way for cleaning fluid; again Safeway Stores, Inc., lost that opposition proceeding, of course, by not being able to prove damages. In each of the successful cases of Safeway Stores, Inc., it was in a position to prove damages by the lost sales. In the case at bar, as we have repeatedly pointed out, they have admitted that they could not—did not have any way to prove ANY DAMAGES WHATSOEVER.

In the first paragraph of his dissenting opinion, His Honor, Judge Healy, reminds that Dunnell's mark does not consist merely of the words "Safe Way" but comprises a composite mark with the words "Safe" and "Way" separated by a pictorial representation of the seat cover the word "Way" being followed by a dash; and we also remind that the mark comprises the black outline surrounding the element just mentioned, thus:

Being comprised of such distinctive features, we deny the applicability of the code section upon which respondent in this proceeding has based its defense to this litigation, *i. e.*, Title 15, §84, Subdivision (b), which, so far as pertinent (½ way down the code section), reads:

> "* * * provided, however, that no mark which consists merely in the name of an individual, firm, corporation or association NOT *written, printed, impressed, or woven in some particular or distinctive manner* * * * shall be registered under the terms of this Act * * *."

Dunnell's trade-mark is printed in distinctive manner and comprised of the elements above described, and therefore does not come within the terms of this Act.

Judge Healy also remarks at the bottom of Transcript 407 *et seq.* of the dissenting opinion, citing *Steel Foundries v. Robertson,* 269 U. S. 372, 380, that "there is no property right in the trade-mark apart from the business or trade in connection with which it is employed." Again, near the bottom of Transcript 413 of said dissenting opinion, Judge Healy reminds:

> "The words 'Safe Way' with the representation of a toilet seat cover interposed between them constitute a distinctive mark giving to the eye an impression substantially unlike that given by the single word 'Safeway.' It comprises a symbol appropriately descriptive of a sanitary method; and I am able to discover in this record no sufficient reason for debarring appellee from the use of the symbol, or from having it registered if he thinks registration helpful. He appears to have traded on nobody's reputation but his own; and there is not the slightest showing that his use of the symbol in his peculiar and praiseworthy enterprise had posed or is like to pose any threat to the good name or business of Safeway Stores."

We earnestly urge that Judge Healy correctly appraises the situation: There is no damage to sustain the opposition; there is no confusion or misleading of prospective purchasers; there is no competition between the parties to this suit relative to anything that Dunnell has done in the premises.

Defendant-Appellant's (Respondent Herein) Waiver of Damages, Its Failure to Even Attempt to Prove Any Damages Whatsoever, Not Only Defeats This Court's Jurisdiction on the Counterclaim, but Also Annihilates Jurisdiction on Matters Opposing Federal Registration, and Entitles Dunnell to the Order of This Court Authorizing the Commissioner to Grant Such Registration.

We have always strongly insisted that Stores could not prove any damages whatsoever, present or prospective. Events now to be considered shows the soundness of our said insistance.

In the first place, we remind that proof of damages is of the GRAVAMEN of a proceeding in opposition to federal registration. The law requires opposer to state in his opposition that he *believes* he will be damaged by the registration; but such allegation of belief no more supports the jurisdiction to deny registration than the statement of amount of $3,000.00, exclusive of interest and costs, sustains jurisdiction in a case based upon such jurisdictional amount.

But is there any possible inference to be drawn from anything in the record of this case that, while not being able to prove the jurisdictional amount to sustain its counterclaim, there was some damage present or prospective to sustain the opposition?

Now, for a clear statement of what Stores has suggested as a basis for some such damages:

At Tr. 185 counsel for Stores states his understanding that the evidence in the case applies to both the counterclaim and to the complaint—with which we agree. It seems to follow that if Stores were unable to prove any damages on the counterclaim, this evidence or circum-

stance also applied to Dunnell's complaint (request for registration) under such agreement; and that it admits that Stores cannot prove any damages on such Dunnell's complaint.

But, specifically, how can we discover any theory whatsoever upon which to base any proof or inference of damage:

At Tr. 116 opposing counsel Johnston says: "This is, [Dunnell's use] as I say, a small use and it is hard to see how this use has damaged us in this volume of business." We agree with counsel that it is not only *hard*, but insist further that it is IMPOSSIBLE.

BUT A VERY CLEAR STATEMENT OF EVERYTHING THE STORES COULD POSSIBLY RELY UPON to prove or raise an inference of damages is found in the statement of Drummond Wilde, who at Tr. 79 testified that he is a lawyer in charge of the Legal Department of the Oakland Office or Head Office of Safeway Stores and [Tr. 79] has been with the company and its predecessors since February, 1931. At Tr. 122 Mr. Wilde says that as head of the Legal Department he has charge of the company's affairs with respect to opposition of attempted registrations of the name Safeway.

Thus, if anyone *could* know of any possible way or manner of proving damages, Mr. Wilde certainly *should* know.

At the bottom of Tr. 128 appears the following testimony by Mr. Wilde:

> "Q. How will Safeway be injured by Dunnell's registration and use of the name 'Safeway'? A. By his use of the name 'Safeway' on toilet seat covers we have no control over his policies or his operations or what he may do, or how he may transact his busi-

ness; even though his business may be transacted properly from time to time, we have no control how it may be transacted over the future. That is something we have nothing to do with, the quality of the product that he manufacturers, or what satisfaction he may give his customers."

Now, still considering the just quoted "holier than thou" statement of Mr. Wilde: Suppose that an opposer in this trade-mark case should have filed an opposition admitting the facts immediately heretofore considered in the case at bar, reading, so far as of immediate pertinence [following the introductory wording of Safeway opposition, Tr. 193]:

"opposer * * * believes it would be damaged by "such registration, such belief being founded on the "ground while applicant for registration has always "conducted his business in a proper manner [Tr. 67], "never having had a complaint [top Tr. 68] and his "business policies have been beyond question, always "using his own fictitious name Sani-Gard Company "[Tr. 176, 328, 329 and 330] in advertising and sell-"ing [Tr. 176, top of page] said product under said "trade-mark SAFE-O-WAY- and has never "advertised said trade-mark as such in any advertising "medium [Tr. 329, bottom of page] but only explained "[Tr. 330, ½ way down page] his use of said trade-"mark after first being contacted by a prospective "purchaser [Tr. 330] addressing his Sani-Gard Com-"pany, such explanation being by letter [Tr. 330, D. Q. "103]; and, at the time of filing of this opposition he "has owned and used the trade-mark sought to be "registered, selling over 73½ million [Tr. 64 and Ex. "Q, Tr. 337] of said product under the trade-mark, "and has only sold them to a special class of purchas-

"ers who distributed them *gratis* as a public service "[Tr. 342, D. Q. 124] while I, opposer never manu- "factured or caused to be manufactured [Tr. 255, X. "Q. 51] or sold and which are unsuitable for sale in "my stores [Tr. 350 and 351, Dunnell Exhibits S "and T], and which I have never even expressed the "desire to sell [Tr. 70, top of page]; and while I "[Stores] had notice of applicant's use of said trade- "mark as so applied [Tr. 71] by the sale and instal- "lation of his said product in one of my subsidiary "companies, namely, The Lucerne Creamery and But- "ter Company [Tr. 71], prior to my filing of this "opposition [Tr. 72] and acquiesced in applicant's said "use; and while there has been no confusion whatso- "ever as to source of manufacture of said product "under said trade-mark SAFE-WAY- "and no one has ever mistaken the source of manu- "facture and distribution of said product under said "name as not being applicant [Tr. 33, top of page; "Tr. 63 and Tr. 66] and while I, opposer, had full "knowledge of Dunnell's use of said trade-mark be- "fore the filing of this opposition [Tr. 72, top of "page; this was Dunnell's testimony, but Stores did "not deny that Lucerene was their subsidiary]; and "while applicant's title to said trade-mark under the "laws of the state of California is unassailable [as "heretofore fully shown] and while, under the cir- "cumstances, it would not be of any benefit to me, "opposer, to have Dunnell's registration of his trade- "mark SAFE-WAY- denied; but would "do him much damage by depriving him the right to "mark his product 'Trade-Mark Registered United "States Patent Office' and would also deny him ac-

"cess to the Federal Courts; and though there is no "possible reason why applicant's said policy may "change in the future; as he has every interest to con- "tinue it, yet, he could, possibly, if he should become "insane—and I have no reason to believe he will be- "come insane—change said policy and I, opposer, "might be injured by such change, as I, opposer, have "no control over the formulation of applicant's policy "in the future. I, therefore, suggest that although I "do not know of any damages which have or may be "caused me by the registration of Dunnell's mark, "that the Court conjure out of nothing some such "damage."

Can we imagine that either the Patent Office or *any* tribunal would sustain said opposition-pleading as sufficient? YET THE FACTS, UPON WHICH THE TRIAL COURT'S FINDINGS AND CONCLUSIONS ARE BASED, ARE SHOWN TO BE ENTIRELY CORRECT IN THE FOREGOING CITATIONS TO THE RECORD IN SUCH SUPPOSITIOUS OPPOSITION-PLEADING.

WE MOST RESPECTFULLY SUGGEST THAT, UNDER THE CIRCUMSTANCES, THE TRIAL COURT'S FINDINGS AND CONCLUSIONS ARE OVERWHELMINGLY SUSTAINED, AND THAT THIS COURT SHOULD SO HOLD.

With every right under the common law for the allowance of Federal Registration; and, while refusing to permit registration would seriously affect his right, denying, as it would, Dunnell's right to mark his product "Registered in the United States Patent Office," and would also deny him access to the Federal Courts upon which we have always greatly relied in preference to the State Courts, as more justly deciding cases of this kind, we urge that the equities are certainly in favor of the granting of an order, prayed for by Dunnell, authorizing the Commissioner to grant the registration.

We Now Again Emphasize That on Such Trial De Novo It Is the Findings and Conclusions of the Trial Court Which Are Controlling, if Not Shown to Be Erroneous, Certainly Not Any of the Findings or Conclusions of the Patent Office.

All the specifications of alleged error in Appellee's Brief filed in the Court of Appeals are to alleged errors of the District Court as they should be.

The Court of Appeals totally ignored the findings and conclusions of the trial court, and treated the proceeding as an APPEAL from the Patent Office findings. This is clearly error—which we have heretofore in Dunnell's Petition for Certiorari and this brief pointed out.

In various places throughout the Court of Appeals' opinion, sought to be reviewed by our petition, said Court of Appeals obviously relied upon findings and conclusions of the Patent Office tribunals, such, for instance, as at the middle of Tr. 394 of said opinion and at Tr. 395. The first paragraph, Tr. 400, of the opinion of the Court relies upon asserted inferences of the Patent Office Examiner.

Again, at the bottom of Tr. 401 of its opinion, this Court says in italics, "the decision of the Commissioner of Patents is not overcome by evidence before the District Court." Here the Court again relies upon the findings of the Patent Office. The District Court's findings and conclusions are based not only upon evidence before the Patent Office but on new and additional evidence. Both parties on this trial *de novo* had the opportunity to present other and additional evidence in support of the depositions filed in the Patent Office. Respondent did not present any pertinent evidence offering any further support to such Patent Office decisions, while petitioner Dunnell supple-

mented, repeated and offered evidence, which we earnestly believe should have decided the case in Dunnell's favor.

We again remind of the elementary law as stated, for instance, in the case of *Globe-Union Chicago Telephone Supply Company* (C. C. A. 7th), 41 U. S. P. Q. 366 of said opinion, page 375:

> "There is only one more contention by counsel that requires our consideration. Counsel contends that 'Findings of Fact by a trial court so far as there is any testimony consistent therewith, must be treated as unassailable' [citing cases]. We are not forgetful of the rule, announced in these cases, that compels our acceptance of the trial court's findings, when it is predicated on conflicting testimony, of witnesses testifying in the trial court, and where credibility is largely determined by personal observation of the trial judge. * * *."

IT IS NOT THE FINDINGS OF THE PATENT OFFICE THAT SHOULD HAVE CONTROLLED THE DECISION OF THE COURT OF APPEALS; BUT THE FINDINGS AND CONCLUSIONS OF THE TRIAL COURT, WHO HAD THE OPPORTUNITY OF PASSING UPON THE CREDIBILITY OF THE WITNESSES BY PERSONAL OBSERVATION.

There is no statute of limitations as to the filing of an application for registration of a trade-mark. The owner of a trade-mark need not file any application for registration anywhere, to preserve his title and right under the common law of his said trade-mark. But there are statutes of limitations and equitable principles which require one who would successfully oppose an application for registration to refrain from allowing the trade-mark owner to use his trade-mark many years without notice or protest.

In 21 Corpus Juris, page 193, appears the following:

"Equity Aids the Vigilant, Not Those Who Slumber on Their Rights—1. In General. The maxim that equity aids the vigilant, not those who slumber on their rights, expresses the attitude of equity toward laches and stale demands."

Again on the same page the same authority reads:

"2. Application of Rule. This maxim is of extended application, and its design is to promote diligence and discourage laches. It is the principle which underlies statutes of limitations and is to be supported for the same reasons and upon the same grounds. On it the equitable doctrine of laches is based. It is by force of this principle that equity refuses to enforce demands which the party has unreasonably delayed in asserting."

That the doctrine of laches, notwithstanding the timely filing of the notice of opposition, is applicable in trademark cases, is adjudicated in the case of *Burroughs Wellcome & Co. (U. S. A.), Inc. v. Nion Corporation,* 65 U. S. P. Q. 511, a proceeding in the District Court of the Southern District of California, Central Division, decided by Judge O'Connor on May 31, 1945, appeal from which was not taken and which has become final. In such suit an interference also was involved, relating to the trademark "Avicaps" as applied to a vitamin product. The Examiner of Interferences, and on appeal the Commissioner of Patents, decided that Burroughs was not entitled to the registration of the mark; and instead of appealing to the Court of Customs and Patent Appeals, Burroughs decided to bring the suit in the District Court under

§4915 R. S. U. S. (U. S. C., Title 35, §63). The case was tried by the writer of this brief as local counsel for Burroughs.

While, as above indicated, the interference was filed by Nion Corporation within the statutory time, nevertheless the court found on the trial *de novo,* allowed by such statute, that Nion had been guilty of laches in asserting its claim to said trade-mark.

The circumstances are sufficiently stated in the third paragraph of the syllabus (65 U. S. P. Q. 511) which reads as follows:

> "Laches. Revised Statutes 4915, Suits—In general. Plaintiff filed trade-mark application in May; in June, defendant acknowledged notice of plaintiff's use of mark in interstate commerce; plaintiff's mark was published in Official Gazette in July, but defendant did not oppose; after time to oppose had expired, defendant in August filed application for registration of interfering mark and interference was declared; in R. S. 4915 suit, court finds defendant guilty of laches; during lapse of three months, defendant made no effort to advise plaintiff of its claim; during that period, valuable good will attached to name and trade became familiar with it over United States; doctrine of laches applies in trade-mark actions."

Near the bottom of the second column, page 512, the court said:

> "The defendant knew of the plaintiff's claim of ownership of the trade-mark as early as June, 1942. It is the opinion of this court that if the defendant had a claim it was lost because of the delay in asserting it. The doctrine of laches is applicable in trade-mark actions."

Note again, as we are strongly insisting under this heading, notwithstanding that there is no statute of limitations as to the filing of an interference, and that such proceeding could not be filed until after application for registration had been filed, the court applies the general and well-settled law of unfair competition, and in order to prevent lack of diligence from enabling a would-be opposer to assert an unjust claim for registration. The circumstances were so clear as shown on this trial *de novo* that there would have been no chance for a reversal on appeal, and the time for appeal has expired with no appeal taken.

Note again the time was only three months instead of many, many years—as in the case at bar—during which your petitioner built up a very valuable good will in the use of the mark.

Certainly opposer (respondent) could not file an opposition until applicant requested registration, but during the many years during which petitioner had maintained an impregnable title to the name "Safe Way" as applied to toilet seat covers, if opposer (respondent) had been injured in any way, it should have instituted an unfair competition suit. Such suit would undoubtedly have been in the U. S. District Court here if there was the necessary diversity of citizenship and amount involved. Whether in the State Court or in the Federal Court, the laws of unfair competition would have been applied, and also the statute of limitations of the State of California as we shall shortly hereafter see.

To, at this late date, take away from Dunnell or impair his trade-mark rights by refusing access to the Federal Court by denying registration, or to wholly or partially destroy the results of time, attention, labor, money spent

in advertising by petitioner Dunnell, is obviously inequitable.

But is ten years' delay in instituting such unfair competition suit under the law, laches?

Such suit, of course, would have been a suit in equity to restrain petitioner Dunnell from further use of the trade-mark "Safe Way" as so applied—although, as we shall see, the defense is still applicable regardless of the form (law or equity) of the complaint.

Thus, in 16 California Jurisprudence, page 408, §20, (citing many cases), it is said:

> "Equity Cases.—The statute of James I and those of some of the states of the Union apply only to actions at law, and are not binding upon courts of equity except in cases of concurrent jurisdiction; but in California statutes of limitation are applicable to suits in equity as well as actions at law. Section 343 of the Code of Civil Procedure, providing that actions for relief not otherwise provided for must be commenced within four years after the cause of action accrues, covers equitable actions not coming within the other code provisions. * * * The statute will be enforced in all cases coming within its terms, regardless of the form in which they are presented."

As shown, petitioner Dunnell's California sales, as appearing from Dunnell Exhibit Q [Tr. 337], from beginning 1934 through 1937, four years, aggregated 13,271,000 toilet seat covers, and from beginning 1938 through 1941, four years more, 30,809,000 toilet seat covers all sold under the trade-mark "Safe Way." There is no question whatsoever, therefore, but that under the California statute of limitations (assuming notice which we immediately hereinafter consider) opposer (respondent) or its Califor-

nia subsidiaries (it matters not which) would have been held guilty of inexcusable laches if it had instituted suits at any time after 1937. Yet up to the time all subsidiary corporations were dissolved, 1942, it did not assert any alleged rights to the name "Safe Way" as against applicant (petitioner) Dunnell.

Remember, also, that any of the many subsidiary corporations which were not owned by opposer until 1941-1942 could likewise have brought suit in this jurisdiction to enjoin such use if any one or more of such independent corporations had been injured.

By reason of its stockholding in these corporations prior to complete ownership, opposer (respondent) is charged with such laches, and of course must take any title to the good will of such independent corporations on dissolution subject to all equities such as now insisted upon.

But did opposer or any of its subsidiaries know of these millions of sales by applicant Dunnell at any time during the period we have mentioned? Obviously, if they were in any way injured; if Dunnell had not been trading on his own name, Sani-Gard * * * Company; if a *single instance of confusion* came to the knowledge of any one of them—they might have had ground for complaint. The very admitted fact that there was no confusion during all these years is evidence on the merits of such suggested suit that they were not and could not have been injured. The court in any such unfair competition suit would, of course, have taken notice of any and all of the defenses which we here urge on the merits of this opposition, particularly Dunnell's sale of an article of merchandise which neither opposer nor any of its subsidiaries had ever sold or offered for sale.

Specifically as to notice: As we have seen from the figures of Dunnell Exhibit Q [Tr. 337], through 1941 over forty-four million of said seat covers were sold by Dunnell in California alone, the principal place of business of opposer, and over seventy-three million of said seat covers under said name were sold by said applicant throughout the United States and foreign countries. Surely, with so many toilet seat covers under the name "Safe Way" distributed throughout the length and breadth of the land, and particularly in California, they could have not failed to have been noticed by opposer or its subsidiaries.

There is a legal presumption that opposer *did know of such use*. Thus the Court of Appeals, Sixth Circuit, in the case of *Mishawaka Rubber & Woolen Manufacturing Company v. S. S. Kresge Company*, 49 U. S. P. Q. 419, decided April 18, 1941, at [12] first column page 425, says:

> "Appellant's trade marks had been so long in use and so widely advertised, it is presumed that appellee had knowledge of them * * *."

There is also a California statute applicable in any such suggested unfair competition suit which seems to settle the question of notice. Section 19 of the Civil Code of California reads:

> "Constructive notice. Every person who has actual notice of circumstances sufficient to put a prudent man upon inquiry as to a particular fact, has constructive notice of the fact itself in all cases in which, by prosecuting such inquiry, he might have learned such fact."

With the sale and distribution of many millions of toilet seat covers under the trade-mark "Safe Way," with "Safe Way" cabinets scattered through the length and breadth of the land, and particularly in California, the principal place of business of opposer (respondent), surely the extensive manufacture and sale by petitioner came to the knowledge of respondent or some of its agents to an extent which would establish at least constructive notice; but the dilemma faced by respondent is this: If it denies any such notice, notwithstanding such wide distribution over so many years, this conclusively shows that there was no confusion and no injury to any trade or business of respondent or any of its subsidiaries. It also supports our insistence that there was no actual competition between petitioner Dunnell and respondent in the sale of his product under said name, and also that his continued wide advertising of knowledge of the source of manufacture of said product of Sani-Gard * * * Company precluded all chance of confusion and injury, and evidenced clearly that he was not trading on any good will of respondent—who had no good will whatsoever in the distribution of said product.

In the first paragraph of his dissenting opinion, His Honor, Judge Healy, reminds [Tr. 406] that Dunnell's mark does not consist merely of the words "Safe Way" but comprises a composite mark with the words "Safe" and "Way" separated by a pictorial representation of the seat cover the word "Way" being followed by a dash; and we also remind that the mark comprises the black outline surrounding the element just mentioned, thus:

Judge Healy also remarks near the bottom of 408 of the dissenting opinion, citing *Steel Foundries v. Robertson,* 269 U. S. 372, 380, that "there is no property right in the trade-mark apart from the business or trade in connection with which it is employed." Again, near the bottom of Tr. 413 of said dissenting opinion, Judge Healy reminds:

> "The words 'Safe Way' with the representation of a toilet seat cover interposed between them constitute a distinctive mark giving to the eye an impression substantially unlike that given by the single word 'Safeway.' It comprises a symbol appropriately descriptive of a sanitary method; and I am able to discover in this record no sufficient reason for debarring appellee from the use of the symbol, or from having it registered if he thinks registration helpful. He appears to have traded on nobody's reputation but his own; and there is not the slightest showing that his use of the symbol in his peculiar and praiseworthy enterprise had posed or is like to pose any threat to the good name or business of Safeway Stores."

We earnestly urge that Judge Healy correctly appraises the situation: There is no damage to sustain the opposition; there is no confusion or misleading of prospective purchasers; there is no competition between the parties to this suit relative to anything that Dunnell has done in the premises.

Respondent Safeway Stores, Inc., Has Been Guilty of Inexcusable Laches Which Should Estop Said Respondent From Now Prosecuting the Opposition to Dunnell's Registration.

At two-thirds down the page Transcript 70, Dunnell testifies that defendants Safeway Stores, Inc., had notice prior to the opposition proceeding of his extensive use of his trade-mark, by reason of the fact that in one instance, he, Dunnell, installed some of his Safeway covers in one of their subsidiaries [near the bottom of Tr. 71]; that such installation was in the Lucerne Creamery and Butter Company and that he, personally, actually installed in said subsidiary company toilet rooms; and that they were installed in his cabinets marked Safeway and his Safeway covers were furnished and used in said cabinets and installed therein. This installation, he testifies at Transcript 75, was in said Lucerne * * * Company, on the corner of Alameda and Vernon in Los Angeles and consisted of 6 to 8 [bottom of Tr. 75] Safeway dispensing cabinets.

At Transcript 76 he says he was directed by the superintendent or whoever it was in charge of the building who pointed out to him the restrooms in which the installations were to be made.

NOW, IT IS IMPORTANT TO NOTE THAT NOWHERE IN THE RECORD HAS SAFEWAY STORES, INC., OR ANYONE ELSE DENIED THAT SAID LUCERNE COMPANY WAS ONE OF THEIR SUBSIDIARIES AS TESTIFIED BY DUNNELL; ON THE CONTRARY, DRUMMOND WILDE SUBSTANTIATED THAT IT HAD SUCH A SUBSIDIARY SAYING THAT AMONG THEIR MANY MANUFACTURING ACTIVITIES WAS THE PROCESSING OF BUTTER, BOTTLING OF FLUID MILK, CREAM, CHEESE AND OTHER DAIRY PRODUCTS. (These manufacturing activities make "Stores" a misnomer.)

About two-thirds down Transcript 75 Dunnell says such installation was in the month of March, 1942. Safeway Stores, Inc., notice of opposition was filed [Tr. 197] April 6, 1944, over two years after said Lucerne installation. Dunnell testifies [Tr. 70] one-half way down page; and this is not denied at any place in the record, that he never had any complaint from Safeway Stores because of his use of his said trade-mark.

Thus, we see that respondent defendant Safeway Stores had full knowledge of Dunnell's use of his said trade-mark long before the filing of the opposition and never objected to or complained of said use.

This should, we submit, establish unassailably our defense of laches and estoppel.

There Are a Few Miscellaneous Points to Which We Desire to Call the Court's Attention—Some of Them Entirely Overlooked in Majority Opinion of the Court of Appeals.

One of these relates to the commonplace significance of the word "Safeway" as a trade-mark.

We quote from *Safeway Stores, Incorporated, v. Southern Independent Oil & Refining Company, supra* 48 U. S. P. Q. 220, "* * * 'Safeway' however, is an expression of such commonplace significance in the language that its use in association with other and unrelated products would not, in my opinion, be likely to suggest opposer to the mind of the public." We have stated that there was strong additional evidential support in the record of the present case for such statement. We now refer to such evidence:

At Dunnell record [Tr. 357], there are offered and received in evidence as Dunnell Exhibits W-1 through

W-16 (brought up as physical exhibits), 16 prior registrations of the name "Safeway" as applied to various products, such as ladders, scaffolds, oil, gasoline, steel wool, heating and ventilating apparatus, razor blades, photographic envelopes, wall coverings, rubber articles to prevent disease, suppositories, garment bags, tire patches, cellulose sheets, and containers for baby chicks, all of which show the commonplace significance of the word "Safeway."

Most important, also, as shown by this exhibit, is the circumstance that Dunnell Exhibit W-8, as applied to photographic envelopes (paper products), was to "Safe Way Sales Corporation"; and that Dunnell Exhibit W-11, as applied to suppositories registered September 5, 1933, is stated as distributed by "Safeway Laboratories, Oakland, California" (the city of the principal place of opposer); and that Dunnell Exhibit W-13, as applied to tire patches, was registered by the "Safeway Tire Patch Manufacturing Compay" of South Gate, California; and that Dunnell Exhibit W-15, "Safeway Cord" as applied to cellulose sheets, was granted to "Safeway Products Corporation" of New York, N. Y.

In *Arrow Distilleries, Inc., v. The Globe Brewing Co.*, 48 U. S. P. Q. 157, a decision by the Court of Appeals for the Fourth Circuit, at the middle of the first column, page 160, commenting upon the case of *American Foundries v. Robertson*, 268 U. S. 372, the Court says:

> "The Supreme Court held that registration should have been granted because the word had been used so many times in so many different ways that it was no more calculated to denote the defendant corporation than any of the other corporations which had embodied it in their names."

In the opinion (p. 384), examples of other words of similar character, such as Anchor, Champion, Pride, Star, etc., were given.

By way of a numerical summary, we remind that there are twenty-three distinct corporations mentioned in paragraph 1 of the opposition [Tr. 193], which corporations are now dissolved, which operated for many years—sixteen years from the first—under the name of "Safeway Stores, Inc.," and we have listed immediately above four completely distinct business organizations having as part of their name the word "Safeway," and we have also listed sixteen "Safe Way" registered marks, all antedating in registration dates by many years opposer's acquirement of title in December, 1942, of the separate Safeway Stores, incorporations in the various states. Thus, there are twenty-eight business organizations listed as having used the word "Safeway" as part of their business names, and there are sixteen registered marks, aggregating forty-four distinct prior uses of the word "Safeway" in the United States before opposer acquired title. Also, remember that there were TWENTY-FIVE HUNDRED STORES (not manufacturing establishments) (paragraph 1 of the Notice of Opposition) which separately used the name "Safeway" prior to the acquirement by opposer of the title in 1942. Accordingly, we submit under this head that within the meaning of the language of the Court in *Arrow etc. v. Globe etc.*, quoted *supra*, the word "Safeway" has been used so many times and in so many different ways that it is no more calculated to denote the opposer

(respondent), Maryland corporation, than any other corporation or business organization, or proprietor of any of the sixteen registered trade-marks, Dunnell Exhibits W-1 through W-16.

Another, and this is totally irrelevant, relates to what are called "travel-aid units, or covers." At the bottom of Transcript 143 Mr. Johnston remarks that the "travel-aid unit is in packages for re-sale by stores perfect and popular items if displayed for sale to the traveling public."

BUT IT IS NOT OF RECORD THAT OPPOSER, NOR ANY OF ITS STORES, EVER SOLD A SINGLE ONE OF SUCH COVERS, WHICH SPEAKS LOUDER THAN WORDS THAT THEY WERE UNSUITABLE FOR RESALE BY RETAIL STORES.

Furthermore, said opposing counsel admits [Tr. 144, top] that publications describing said travel-aid units were issued during the period of 1939 to 1945—very much too late—after Dunnell had distributed hundreds of thousands of covers without protest from anyone.

Still further on this point at Transcript 173 Dunnell testifies that about ten years ago (ten years before this trial which began March 12, 1947) [Tr. 58] he made a very small quantity of covers for resale in stores, and that he has attempted ever since that time to dispose of said covers, but has been entirely unsuccessful, and still has a few of said covers on hand. How many did he have on hand? At Transcript 174 he says he only made 20 or 30 of them.

Manifestly, his efforts to dispose of them over such a period shows that they are not saleable items in retail stores.

The Contention That Morton Company Registered the Word "Safeway" as Applied to Cabinets Is Irrelevant. Furthermore, the Trade-Mark Is Admittedly the Property of Dunnell.

It is true that the Morton Manufacturing Company of Chicago [Tr. 165] had an arrangement with Dunnell whereby he sold paper toilet seat covers (not marked Safeway) as well as the dispensing cabinets. This agreement was that the Morton Manufacturing Company would sell to no one else.

Near the bottom of Transcript 165, Dunnell testifies that although such contract which is in evidence says something to the effect, that arrangement was never carried out. At the bottom of Transcript 165 Dunnell explains:

> "In other words, the manner in which they proposed that I carry on that business was not satisfactory in this particular territory. So we never carried it out in that way, and we did carry on business on the basis that I as an [115] independent contractor buying merchandise from them, paying for it and reselling it at prices which I established."

At the top of Transcript 166 Dunnell denies that said Morton Company had at any time suggested to him the adoption and use of the trade-mark "Safeway" as applied to said covers. Explaining [near top of Tr. 166] how he happened to adopt the trade-mark "Safeway" Dunnell testifies:

> "Along in the latter part of 1933 the Morton Company had a toilet seat cover which they were proposing to put on the market under the trade name of 'Kleen-Seat.' They sent me samples of that particular product, both as to respective paper covers and

dispensing cabinets, and from my experience in the seat cover business up to that time and my experience with the 'Sani-Gard' cover which I had started to first sell, I could readily see that this cover which they were going to attempt to market under this trade name 'Kleen-Seat' was not satisfactory, both with respect to the paper toilet seat cover or with respect to the dispensing cabinet; and also with respect to the trade name that they had decided to use. So I wrote to them to that effect saying that I did not feel that the cover that they had designed was satisfactory. I don't feel that the dispensing cabinet that they had [116] submitted as a sample was satisfactory and I was not at all satisfied with the trade name 'Kleen-Seat' . . ."

After interruption the witness continues his answer [Tr. 168] as follows:

"So, as a result of my objections I sent proposals in my correspondence that I much preferred to use another trade name. I preferred to redesign the type of cover and dispensing cabinet and as a result of that I sent them orders for a new type of dispensing cabinet which I called—asked them to label with the trade name 'Safe Way.' I also suggested a change in the manner of making the toilet seat covers which they had submitted as samples as not being satisfied, and asked them to be labeled 'Safe Way.' "

The witness then refers to correspondence with said Morton Company, and said correspondence comprising three letters are in evidence [Tr. 171—as Plaintiff's Ex-

hibit 6]. At Transcript 172 [beginning top of page] Dunnell makes several proposed minor corrections in his prior testimony, saying:

> "In connection with my deposition taken February 28, for Civil Action 26,230-G, I should like to make one correction, and also clarify my testimony in respect to my past relationship in the seat cover business with the Morton Manufacturing Company. The correction is at lines 6 and 7 on page 65. Instead of this answer reading as it does, it should have read:
>
> " 'No, my agreements that I had had with Morton were not a royalty basis.'
>
> "He says that should have been, 'No, my agreements I had with Morton were not royalty, but on a territorial arrangement.'
>
> "Then he goes on and says, 'In order to clarify my testimony particularly in regard to the questioning beginning on the last line of page 72, I should say because of your repeated [122] references to the word "royalty," beginning at page 6 of my deposition to page 72 and your usual correcting of it to substitute "sum of money" instead of "royalty" indicated very clearly that you have the impression that . . .' "

At Transcript 173 [middle of page] Dunnell testifies that said Morton Company never at any time protested to him in any way of his use of the trade-mark "Safeway" either for cabinets or seat covers.

While it is true that Morton Company *did* register the name "Safeway" for cabinets, Dunnell testified that [Tr. 176] it was not until 1942 that he first heard of the registration by the Morton Manufacturing Company of the name "Safeway" as applied to cabinets.

Thus, it is clear that the registration by Morton Company of said name is entirely irrelevant.

It is also clear from Dunnell's testimony and from Plaintiff's Exhibit 6 (letters) that far from protesting, Morton Company freely acknowledged that the trade-mark "Safeway" was Dunnell's property.

Dunnell's Covers in Issue Are Patented. Opposer Safeway Stores, Inc., Could Not Manufacture and Sell Dunnell's Said Covers Without Infringing Said Patent; No More Than They Could Use His Trade-Mark as Such Without Infringing Said Trade-Mark, Under the Common Law in Force in Every State of the Union.

At Transcript 316 Dunnell testifies that he is still the owner of the Letters Patent of the United States marked as Dunnell's Exhibit K.

At Transcript 325 Dunnell testifies that his covers in issue in this proceeding have been marked patent No. 2,025,941, constructive notice to everyone, and upon which suit for infringement could be based if it happened that there was no actual notice of said grant or issuance.

Manifestly, Safeway Stores could not manufacture and sell said covers without infringing said patent; and, incidentally. as above mentioned, they could not use the trade-mark "Safeway" as such without infringing Dunnell's trade-mark.

Conclusion.

(1) Nothing can be clearer that under the law this Court should reverse the injunction against Dunnell restraining him from the use of his trade-mark; as to do so would be a violation under the laws of the State of California; and equally important is the fact that the Court of Appeals [Tr. 390] found that opposer-appellant had not proven, nor attempted to prove, the necessary jurisdictional amount of $3,000.00 exclusive of interest and costs.

(2) Failure to prove or attempt to prove any damages whatsoever, annihilates Safeway Stores', Inc., opposition to the registration by Dunnell of his trade-mark, as such, applying to toilet seat covers, as proof of damages are under all authority, necessary to sustain such opposition.

(3) Respondent Safeway Stores, Inc., has been guilty of inexcusable laches which would estop said respondent from maintaining this opposition, by reason of the fact that it had, long prior to the filing of the opposition in the Patent Office, known of said use by one of their subsidiaries, the Lucerne Creamery and Butter Company, and, far from objecting, *admitted Dunnell's right* by ordering and having installed in said subsidiary the Dunnell Safeway covers, now objected to.

(4) Safeway Stores, Inc., cannot use petitioner Dunnell's trade-mark as such without infringing said mark, and this in all states of the Union; nor can said respondent manufacture and sell said seat covers without infringing Dunnell's patent. True, respondent Safety may enter the business of making and selling toilet seat covers in their grocery stores (which they have never done) and when so sold they are *grocery* items, but when done as part of

their manufacturing activities this makes the part of their name "Stores" a misnomer. When respondent Safeway Stores sells to a special class of purchasers for distribution *gratis* to the public, they are not selling to their grocery customers, but are copying Dunnell's method of distribution.

As judges and attorneys, we are all endeavoring to do justice—to maintain respect and confidence in our federal courts. We urge that justice demands that the counterclaim be dismissed and that Dunnell's prayer for registration be granted.

Respectfully submitted,

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JOSEPH F. WESTALL,
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By

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Attorneys for Petitioner.

Certificate of Counsel.

I, Joseph F. Westall, the attorney who tried the case in which the foregoing Brief is filed, and who prepared all briefs and made all arguments in the District Court and in the Circuit Court of Appeals for the Ninth Circuit to which appeal was taken, and who prepared the foregoing Brief, do hereby certify that in my judgment the foregoing Brief is well founded and that it is not interposed for delay.

Joseph F. Westall.

APPENDIX.

Appendix in Which Are Copied and Classified All Statutes Relating to the Nature and Scope of This Court's Jurisdiction, and, Incidentally, Those Relating to the Court of Appeals' Jurisdiction Upon Which This Court's Jurisdiction Is Partially Based.

The jurisdiction of the District Court before which this case was originally tried and of the Court of Appeals of the subject-matter thereof depends upon the fact that the cause of action arises under the trade-mark laws of the United States, and particularly as set forth in §4915 R. S. U. S., United States Code, Title 35 §63 (applying particularly to patents), and Title 15, §89, construed before and after its enactment as making §4915 R. S. U. S. applicable to trade-mark application proceedings, and annotations, Federal Code Annotated, under Title 15, §89, page 736.

Title 35, §63, United States Code, so far as pertinent reads:

> "63. Bill in equity to obtain patent.—Whenever a patent on application is refused by the Board of Appeals or whenever any applicant is dissatisfied with the decision of the board of interference examiners, the applicant, unless appeal has been taken to the United States Court of Customs and Patent Appeals, and such appeal is pending or has been decided, in which case no action may be brought under this section, may have remedy by bill in equity, if filed within six months after such refusal or decision; and the court having cognizance thereof, on notice to adverse parties and other due proceedings had, may adjudge that such applicant is entitled, ac-

cording to law, to receive a patent for his invention, as specified in his claim for any part thereof, as the facts in the case may appear. And such adjudication, if it be in favor of the right of the applicant, shall authorize the commissioner to issue such patent on the applicant's filing in the Patent Office a copy of the adjudication, and otherwise complying with the requirements of law * * *."

Title 15, §89, United States Code reads as follows:

"89. Appeal from decision of Commissioner of Patents.—If an applicant for registration of a trade-mark, or a party to an interference as to a trade-mark, or a party who has filed opposition to the registration of a trade-mark, or a party to an application for the cancellation of the registration of a trade-mark is dissatisfied with the decision of the Commissioner of Patents, he may appeal to the United States Court of Customs and Patent Appeals on complying with the condition required in case of an appeal from the decision of the Commissioner by an applicant for patent, or a party to an interference as to an invention, and the same rules of practice and procedure, as far as the same may be applicable (Feb. 20, 1905, c. 592, §9, 33 Stat. 727).

Explanatory Note.—Act March 2, 1929, c. 488, §2(b), 45 Stat. 1476, substituted 'United States Court of Customs and Patent Appeals for Court of Appeals of the District of Columbia.'"

THAT THE TRIAL BEFORE THE DISTRICT COURT APPEALED FROM WAS DE NOVO IS SHOWN BY THE FOLLOWING PORTION OF SECTION 63, TITLE 35 OF THE UNITED STATES CODE, AND THE EVIDENCE BEFORE THE PATENT OFFICE AS WELL AS ADDITIONAL AND OTHER EVIDENCE MAY BE OFFERED ON SUCH DE NOVO TRIAL:

> "63. Bill in equity to obtain patent.—Whenever a patent on application is refused by the Board of Appeals or whenever any applicant is dissatisfied with the decision of the board of interference examiners, the applicant [appeal not having been taken to the United States Court of Customs and Patent Appeals he] may have remedy by bill in equity, * * * and the Court not having cognizance thereof, on notice to adverse parties and other due proceedings had, may adjudge that such applicant is entitled, according to law to receive patent for his invention, as specified in his claim or any part thereof, as the facts may appear and such adjudication if it be in favor of the right of applicant shall authorize the Commissioner to issue such patent on applicant's filing in the Patent Office a copy of the adjudication, and otherwise comply with the requirements of law * * *."

Title 15, §89, United States Code, makes the proceedings described in the immediately foregoing quoted section applicable to registrations of trade-marks so far as pertinent, it reads:

> "89. Appeal from decision of Commissioner of Patents.—If an applicant for registration of a trademark * * * is dissatisfied with the decision of the Commissioner of Patents [not having appealed to the United States Court of Customs and Patent Ap-

peals, he may] on complying with the condition required in case of an appeal from the decision of the Commissioner of Patents by an applicant for patent, * * * and the same rules of practice and procedure shall govern in every stage of such proceedings shall govern in every state of the proceedings, so far as the same may be applicable (Feb. 20, 1905, c. 592, §9, 33 Stat. 727)."

There has been no question whatever in any of the proceedings as to the right of your petitioner to have recourse to the United States District Court by bill in equity under the circumstances of this case.